

Bush O'Donnell buys product research business from Maritz

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Bush O'Donnell Capital Partners has purchased a piece of the Maritz Inc. empire.

The \$16 million business, Delve, is known for its consumer research for The Procter & Gamble Co., Kimberly-Clark Corp., Johnson & Johnson and other national consumer-product giants. It is the first investment for Bush O'Donnell's \$75 million Eagle Fund I since the fund qualified for government-backed financing last year, said Wayne Smith, president of Bush O'Donnell.

Delve, based at Maritz's Fenton campus, also has a minority investor, James Smith, who will be Delve's new chairman. Smith has worked in consumer products more than 30 years — 20 years at Procter & Gamble — and was chief executive of Aurora Foods until August 2002. Wayne Smith and James Smith are not related.

Wayne Smith said he believes Delve's strategy to serve national clients will allow the company to flourish as a stand-alone business. "This gives us a chance to develop markets with a business division that had been overlooked inside a big company."

Maritz is one of the region's largest private companies, with \$1.4 billion in revenue for its fiscal year that ended in March 2003.

"Maritz Research is refocusing its business in order to concentrate on the areas in which it has the greatest strengths, and those which offer synergies with the larger performance management business of Maritz," said Maritz Research President Michael Brereton in a statement. He said

Maritz's remaining research business is focusing on the company's travel and incentive operations.

Delve is among the leaders in the \$500 million qualitative research industry, Wayne Smith said. The company plans to consolidate smaller firms in the field and is looking at businesses in Boston and New York, two markets where Delve does not have a presence. The company has a full-time staff of 60 and another 300 part-time researchers who work at its 12 locations around the country.

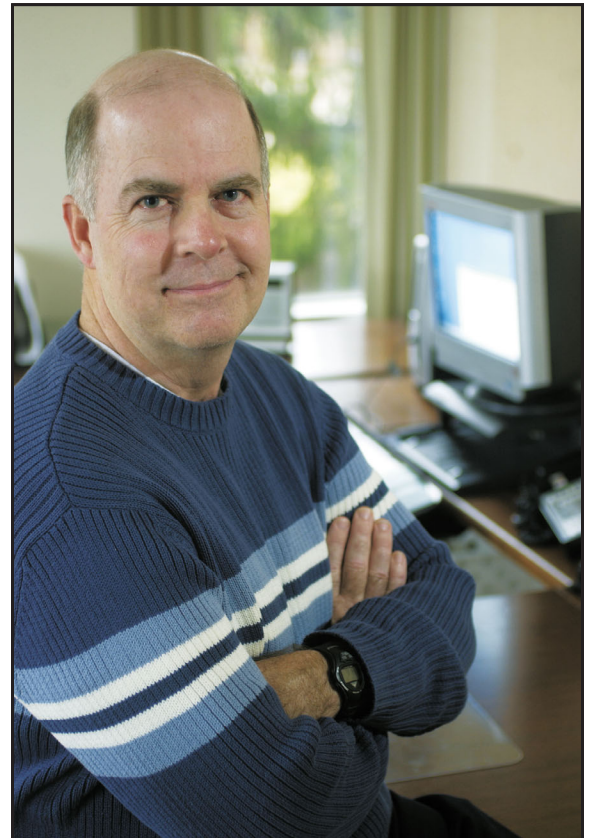
Neither Wayne nor James Smith would disclose Delve's sale price. But last year Wayne Smith said Eagle Fund was targeting profitable businesses in which it would make investments of between \$1 million and \$4 million.



Wayne Smith

Maritz and Bush O'Donnell completed the deal the week of March 1. William "Bucky" Bush, a principal at Bush O'Donnell and a Maritz board member, did not participate in the discussions, according to Wayne Smith.

Delve will move off the Maritz campus to a suburban site in the coming weeks, said Steve McGavic, who had run the division at Maritz and is now Delve's chief executive, reporting to James Smith. The company has been working with real estate executives at Colliers Turley Martin Tucker, Wayne Smith said.



BRIAN CASSIDY

Steve McGavic is the new chief executive of Delve, which will be moving off the Maritz campus in the coming weeks.

There are about 950 corporate marketing research facilities around the country, according to Impulse Research Corp. of Los Angeles, which monitors the industry. Of those, only a handful operate nationally, including Delve, said Varda Novick, co-editor and publisher of the company's Impulse Survey of Focus Facilities.

These research firms are known for tracking down target marketing subjects, then using insights gained from interviewing them to modify products — everything from changing movie endings

BUSH:

Eagle Fund targets profitable businesses where it can invest between \$1million and \$4 million

to changing tastes of popular foods. The businesses pay consumers \$50 to more than \$300 to participate in focus groups, Novick said.

While the cost of the research can be expensive, James Smith said, "It is very expensive to make a mistake in the consumer products field, and it's easy to reduce the risk by putting an amount of market research against a product."

Delve has a database of 300,000 people

and uses that information to develop targeted groups of consumers for its more than 100 clients, McGavic said. The company's areas of expertise include medical and financial services, packaged goods and research involving children.

Wayne Smith said Kimberly-Clark's Huggies brand is a Delve client, though he and other Delve executives declined to discuss any of Delve's specific research.

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